

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 BIB-01 AGRE-00 AID-05 CIAE-00  
COME-00 EB-08 FRB-03 INR-10 NSAE-00 USIA-06  
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R 150911Z MAR 78  
FM AMEMBASSY BUCHAREST  
TO SECSTATE WASHDC 8438  
INFO AMEMBASSY BELGRADE  
AMEMBASSY BERLIN  
AMEMBASSY BUDAPEST  
AMEMBASSY MOSCOW  
AMEMBASSY PRAGUE  
AMEMBASSY SOFIA  
AMEMBASSY WARSAW  
AMCONSUL MUNICH  
USMISSION GENEVA  
USMISSION USNATO

C O N F I D E N T I A L BUCHAREST 1652

E.O. 11652: GDS  
TAGS: EALR, ECON, ELAB, PINT, RO  
SUBJ: COMMENTS ON ROMANIA'S/CEAUSCESCU'S PLANS FOR  
LOCAL-ECONOMIC REFORMS  
REF: (A) BUCHAREST 1483, (B BUCHAREST 1481

1. SUMMARY. EMBASSY HAS CONTACTED NUMEROUS GOR  
OFFICIALS AND MEMBERS OF DIPLOMATIC COMMUNITY TO  
DISCUSS ANNOUNCED PLANS FOR ECONOMIC REFORMS. GENERAL  
CONSENSUS CENTERS ON SKEPTICISM THAT ANY EXTENSIVE  
REFORMS TOWARD DECENTRALIZATION IN ECONOMIC LIFE  
PROBABLE IN NEAR TERM. SKEPTICISM BASED ON FACT THAT  
ANNOUNCED PLAN FOR REFORMS HAS COME FROM TOP DOWN WITH  
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NO PRIOR STAFF WORK AND FACT THAT RECENT PARTY/GOVERNMENT  
CHANGES (SEE REFTEL B) DID NOT BRING PROFESSIONAL  
ECONOMISTS OR TECHNOCRATS INTO KEY POSITIONS. WHAT-  
EVER CONCRETE CHANGES DO TAKE PLACE LIKELY TO BE  
ANNOUNCED AT PARTY PLENUM OF MARCH 22, END SUMMARY.

2. BACKGROUND. ON FEBRUARY 16, PRESIDENT CEAUSCESCU

ANNOUNCED GENERAL PLAN TO ENHANCE THE ROLE OF ECONOMIC FINANCIAL MECHANISM IN ROMANIAN ECONOMY THROUGH ESTABLISHMENT OF SELF-FINANCING AND SELF-MANAGEMENT POLICIES IN OPERATION OF ENTERPRISES (SEE REFTEL A). IN RELATED MOVE, PERSONNEL CHANGES IN PARTY AND GOVERNMENT ORGANS WERE ANNOUNCED ON MARCH 8 (SEE REFTEL B).

3. IN WAKE OF THESE EVENTS, EMBASSY HAS MADE EFFORT TO CONTACT AS MANY GOR OFFICIALS AND MEMBERS OF DIPLOMATIC COMMUNITY (PARTICULARLY EASTERN EUROPEANS) AS POSSIBLE TO GAIN INSIGHT INTO PENDING REFORM MEASURES. FOLLOWING REPRESENTS SUMMARY LIST OF COMMENTS RECEIVED:

- REFORM MEASURES WILL COME FROM TOP DOWN. NO DISCUSSION IN EITHER STATE ECONOMIC ORGANS OR RESEARCH/ACADEMIA CIRCLES HAS TAKEN PLACE.
- NO STAFF WORK DONE ON PROPOSALS PRIOR TO CEAUSESCU ANNOUNCEMENT.
- IF IMPLEMENTED AS ANNOUNCED, POLICIES WOULD REPRESENT "MINI-REVOLUTION" IN ROMANIAN ECONOMIC AND POLITICAL LIFE.
- THERE IS MUCH SKEPTICISM THAT POLICIES WILL BE IMPLEMENTED SINCE (A) STATE PLANNING COMMITTEE WAS NOT CONSULTED AND HAS BEEN DISRUPTED BY MINISTERIAL RESHUFFLE; (B) UNDER PRESENT CONDITIONS, FULL-SCALE IMPLEMENTATION OF ANNOUNCED POLICIES WOULD RESULT IN ECONOMIC AND POLITICAL CHAOS; AND (C) MANY BELIEVE PRESENT

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SYSTEM STILL WORKS SURPRISINGLY WELL, SO UNLIKELY TO BE ABANDONED FOR ADVENTURE IN EXPERIMENTATION. THERE IS ALMOST UNANIMOUS AGREEMENT THAT SOME LIBERALIZATION WOULD BE HEALTHY AND INDEED NECESSARY IF ROMANIA TO SUSTAIN RAPID ECONOMIC DEVELOPMENT.

- IN VIEW OF CEAUSESCU'S WISH THAT IMPLEMENTATION OF SOME MEASURES BEGIN APRIL 1, IT IS THOUGHT THAT NEXT HARD DEVELOPMENTS ARE TO BE FORTHCOMING FROM PARTY PLENUM OF MARCH 22. HOWEVER, APRIL 1 SEEMS TO LITTLE EARLY FOR ANY SERIOUS EFFORT.
- AGRICULTURE WILL NOT BE DIRECTLY AFFECTED BY REFORMS.
- REFORMS WILL BE INTRODUCED IN STAGES, BEGINNING WITH PILOT PLANTS.
- RECENT CADRE "ROTATION" DID NOT BRING ANY PROFESSIONAL ECONOMISTS OR TECHNOCRATS INTO KEY POSITIONS, BUT RATHER TRUSTED PARTY TYPES. THIS INDICATES THAT ANY

REFORMS TAKING PLACE WILL BE ADMINISTRATIVE IN NATURE.

- IT IS INTERESTING TO NOTE THAT NO DISCUSSION ON ANNOUNCED PLANS FOR REFORM OCCURRED AT DECEMBER NATIONAL PARTY CONFERENCE AS WOULD BE EXPECTED IN COMMUNIST REGIME.
- ROMANIA CURRENTLY IN MIDDLE OF FIVE-YEAR PLAN

FULFILLMENT. THIS SCENARIO SHOULD INDICATE PERIOD  
OF CONSOLIDATION RATHER THAN DAWN OF MAJOR ECONOMIC  
REFORM.

4. COMMENT. ALTHOUGH MOST OF ABOVE COMMENTS  
NEGATIVE, IT MUST ALSO BE CONSIDERED THAT UP TO NOW,  
ALMOST EVERYONE STILL IN DARK WITH RESPECT TO NEW  
POLICY, SO COMMENTS ARE ALL BASED ON ACCUMULATED  
EVIDENCE AND NO REAL "INSIDE KNOWLEDGE." END COMMENT.  
AGGREY

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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